

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 CIAE-00 INR-07 NSAE-00 SSO-00 NSCE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 COME-00 FTC-01 AGR-05

JUSE-00 L-02 H-02 PRS-01 SEC-01 /071 R

DRAFTED BY ARA/CEN:DLAZAR:PW

APPROVED BY ARA/CEN:DLAZAR

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O P 291605Z APR 75 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE NIACT IMMEDIATE

INFO AMEMBASSY GUATEMALA PRIORITY

AMEMBASSY TEGUCIGALPA PRIORITY

AMEMBASSY MANAGUA PRIORITY

AMEMBASSY PANAMA PRIORITY

AMEMBASSY QUITO PRIORITY

C O N F I D E N T I A L STATE 099368

E.O. 11652: GDS

TAGS: BBAK, HO, CS

SUBJECT: GOCR EMBASSY RAISES QUESTION OF INVOLVEMENT OF
VICE PRESIDENT CASTILLO IN UB PAYMENT

REFERENCE: SAN JOSE 1692

1. AMBASSADOR SILVA CALLED CEN MONDAY EVENING. HE TOLD US
THAT ACCORDING TO A TELEPHONE CALL HE HAD JUST RECEIVED, EL
TIEMPO OF HONDURAS HAD PUBLISHED STORY EARLIER IN THE WEEK
IMPLICATING GOCR VICE PRESIDENT CASTILLO IN UB PAYMENT
SCANDAL. SILVA TOLD US THIS STORY WAS LATER PICKED UP
BY PANAMANIAN PAPER. IN THIS CONNECTION HE ASKED WHETHER
"SEC REPORT" WAS PUBLIC AND IF HE COULD GET A COPY.

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2. DEPARTMENT OFFICER TOLD HIM THAT THERE WAS NO SEC REPORT AS SUCH. HE WAS ADVISED THAT SEC EVIDENCE WOULD BECOME PUBLIC WHEN SUBMITTED IN LEGAL PROCEEDINGS AGAINST UB IF THE MATTER CAME TO THAT. (THIS MATTER MAY VERY WELL END IN A CONSENT DECREE RATHER THAN GO INTO A FULL TRIAL.) WE ASSURED HIM WE HAD ABSOLUTELY NO REASON TO BELIEVE THAT VICE PRESIDENT CASTILLO WAS INVOLVED IN THIS MATTER BUT THAT PROVING A NEGATIVE, I.E., DISPROVING THIS CHARGE AGAINST CASTILLO, WOULD BE EXTREMELY DIFFICULT.

3. HOWEVER, FOLLOWING CONSULTATION WITH THE SEC WE CALLED HIM BACK AND SUGGESTED HE OR THE GOCR HAVE A REPORTER CALL THE SEC QUOTING THE HONDURAN AND PANAMANIAN NEWSPAPER STORIES AND ASK THE SEC WHETHER THEY HAD ANY EVIDENCE OF INVOLVEMENT BY CASTILLO. WE ASSURED SILVA THE REPLY WOULD BE NEGATIVE AND SUGGESTED TO HIM THIS PROBABLY WOULD BE THE MOST USEFUL WAY WE COULD THINK OF REFUTING THESE CHARGES. (FYI: WE DID NOT TELL SILVA THAT WE HAD TALKED TO THE SEC ALTHOUGH HE PROBABLY ASSUMES AS MUCH. END FYI) KISSINGER

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